

Applicable and Non-Applicable Income Definitions

When calculating a family's income for eligibility determination, the Childcare and Parent Services case manager refers to the following definitions.

Applicable Income – Each of the following sources of income is relevant to subsidized child care. They are reviewed as part of the application/certification process.

1. **Wages or Salary** – earnings received in exchange for work performed as an employee, including armed services pay, consideration of tips, commissions, piece rate payments, advances of wages/salary, vacation pay, overtime, sick pay, strike benefits, contract employment, and cash bonuses which equals to minimum wage prior to deductions. Gross income must be used when determining an applicant/client's eligibility for child care.

When a parent is out of the home because of a military assignment or similar reasons, only that portion of his/her gross income, which is allocated to the family as income, will be considered in certifying the parent and child(ren) living in the home.

2. **Net Income from Self-employment (non-farm)** – gross receipt minus expenses from one's own business, professional enterprise, or partnership. Gross receipts include the value of all goods sold and services rendered. Expenses include cost of goods purchased, rent, heat, light, power, depreciation charges, wages and salaries paid, business taxes, (not personal income taxes), and similar costs. The value of salable merchandise consumed by the proprietors of retail stores is not included as part of net income.
3. **Net Income from Self-employment (farm)** – means gross receipts minus operating expenses for the operation of a farm by a person on his own business, professional enterprise, or partnership. Gross receipts include the value of all goods purchased, rent, heat, light, power, depreciation charges, wages and similar items. Operating expenses include cost of feed, fertilizer, seed, and other farming supplies, cash wages paid to farmhands, depreciation changes, cash, rent, interest on farm mortgages, farm building repairs, farm taxes (not state and federal income taxes), and similar expenses. The value of fuel, food, or other farm products used for family living is not included as part of net income.
4. **Social Security** – social security pensions or retirement and permanent disability insurance payments. It also includes railroad retirement insurance checks from the U. S. government.
5. **Unemployment Compensation** – money received from government unemployment insurance agencies or private companies during times of unemployment and any strike benefits received from union funds.
6. **Worker's Compensation** – money received periodically from private or public insurance companies for injuries incurred at work. The cost of this insurance must have been paid by the employer and not the person.
7. **Alimony** – money paid by a spouse pending or after a legal separation or divorce.
8. **Child Support** – maintenance allowance paid by the absent parent.

9. Veteran's Benefits – include pensions or benefits paid to a retired veteran. It is also money paid periodically by the Veteran's Administration to disabled members of the armed forces or to survivors of deceased veterans, subsistence allowances paid to veterans for education and on-the-job training, as well as so-called refunds paid to ex-servicemen as GI insurance premiums.
10. Military Allotments – payment received by a family unit member who is dependent/spouse of a military staff member.
11. Capital Gains – proceeds from the sale of capital goods or equipment. Reported as capital gains for tax purposes, which are items such as real estate, securities, machinery, etc., held as an investment for a set period of time. A capital gain is realized when the item(s) sold have appreciated in value from the original purchase price.
12. Boarder Income – direct payments for food and related shelter expenses, less the cost of doing business.
13. Rental Income – money received on property owned and rented to others.
14. Roomer – direct payments for room only.
15. Disability Payment – unearned income paid by an insurance company or a source other than an employer (excludes SSI).
16. Dividends – a share of profits received by a policy holder or shareholder.
17. Interest – income received on investments.
18. Retirement/Pension – a sum of money paid regularly as a retirement benefit.
19. Trust Fund – monies in a trust that are distributed to the AU including any dividend that is reinvested in the trust.
20. Regular Lottery Payments – a sum of money received as a result of purchasing a winning ticket in a game of chance. Divide the amount of money anticipated to be received by the number of months in a certification period.

Non-Applicable Income – income sources which are to be excluded from computation of monthly gross income.

1. TANF Cash Assistance, SSI payments, and adoption supplements are not considered when determining eligibility. However, documentation and verification of the actual amounts must be maintained in the case record for reporting purposes.
2. An individual's payment to or funds held in trust for any individual in satisfaction of a judgment of the Indian Claims Commission or the Court of Claims;
3. Payments made pursuant to the Alaska Native Claims Settlement Act to the extent such payments are exempt from taxation under Section 21(a) of the Act;
4. Money borrowed;

5. Tax refunds;
6. Gifts;
7. The value of the coupon allotment under the Food Stamp Act of 1977, as amended;
8. The value of USDA donated foods;
9. The value of supplemental food assistance under the Child Nutrition Act of 1968 and the special food service program for children under the National School Lunch Act, as amended;
10. Any payment received under Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
11. Earnings of a child under the age of eighteen (18). No inquiry shall be made;
12. Loans and grants, such as scholarships, obtained and used under conditions that preclude their use for current living costs;
13. Any grant or loan to any undergraduate student for educational purposes or made or insured under any program administered by the Commission of Education under the Higher Education Act (includes the PELL Grant, National Defense Student Loan, Guaranteed Student Loan), etc.;
14. Home produce utilized for household consumption;
15. TANF – Foster Care or nursing home vendor payments to a provider made on behalf of a child or adult, the Public Assistance or welfare benefits – TANF or SSI only.
16. Payments made to an institution or a relative of a recipient or other person for the cost of institutionalization of that recipient;
17. Payments to VISTA volunteers (regardless of age) pursuant to Section 404(g) of the Domestic Assistance Act of 1973;
18. Any payments or allowances made under federal, state, or local laws for the purpose of providing energy assistance;
19. The premium paid by Social Security recipients for Medicare. If the recipient has the premium deducted automatically from his check, then the worker should count the face amount of the check. If the recipient pays the premium him/herself, the premium amount should be deducted before the Social Security income is entered on Form 60;
20. Work related expenses, such as meals, transportation, and incidentals, paid to clients participating in a state approved employability activity; or
21. Prevention of Unnecessary Placement (PUP) payments made by the local county department to or on behalf of a child.